

|                                  | <b>Commodities</b>   | <b>Inflation-Linked Bonds (ILB)</b>   | <b>Infrastructure</b>   | <b>Forestland</b>   |
|----------------------------------|--|---|---|---|
| <b>Investment Policies</b>       | Approved   | Approved  | Approved on August 18, 2008   | Approved. Moving agricultural land to the Forestland Policy is under consideration.   |
| <b>Staffing and Organization</b> | Existing Commodities PM position - transferred from Global Fixed Income (GFI) in March 2008.   | GFI Unit continues to staff this investment area; agreement between SIO's GFI and Asset Allocation completed in January 2008. | Randall Mullan was hired as SPM - Infrastructure and started on October 14, 2008. He joins CalPERS from British Columbia Investment Management Corporation. Al Grijalva was appointed as IO III for Forestland on September 15, 2008 (internal promotion); he previously worked in the Real Estate Unit of the Investment Office. Recruitment for PM is in process. |   |
| <b>Delegations</b>               | Approved by Board 2/21/08.   | Approved by Board 2/21/08.  | To be submitted in October, 2008.   | To be submitted in Fall 2008.   |
| <b>Incentive Plan</b>            | Approved   | Approved  | To be presented in December 2008 for the SPM.   | To be presented in December 2008 for the IO III.  |
| <b>Investment Implementation</b> | Commodities portfolio is currently valued at \$1.3 billion as of July 31, 2008.  | ILB portfolio currently has \$1.5 billion in U.S. and non-U.S. inflation-linked bonds.  | Staff has developed an extensive deal log of fund offerings and will be prepared to consider commitments subject to due diligence in the 4th quarter of 2008.   | The New Zealand property acquisition within Sylvanus Partners will not go forward as the offer was not accepted. An update on the proposed Southern U.S. timberland acquisition will be provided in closed session. |
| <b>Total ILAC Investments</b>    | Valued at \$4.5 billion as of August 31, 2008 or 1.9% of total fund. The target is 2.0% of total fund by December 31, 2008.  |   |   |   |
| <b>Consultant Pool</b>           | The final filing date for the RFP for Commodities, Infrastructure and Forestland was September 12. Staff is beginning the process of reviewing proposals. Consultants are expected to be selected and recommended at November 2008 Board meeting, with work beginning in 2009. |   |   |   |